

Audit and Risk Assurance Committee meeting on 13 November 2024

Committee Chair's summary to Council

The key items of note from the November Audit and Risk Assurance Committee (ARAC) meeting are as follows.

The Committee considered the current position regarding the strategic risks within the strategic risk register. The risks had recently all been reviewed and updated by the Executive Leadership Team (ELT). Notable changes from this refresh of the risks are that:

- strategic risk 3 had been refreshed to incorporate the use of data in addition to data quality and gaps in data;
- strategic risk 5 had been updated to include organisational values and culture and support for employees; and
- strategic risk 6 had shifted focus to encompass regulation as a valuable process contributing to the quality of care and protection of the public in addition to realising the benefits of regulatory reform.

The strategic deep dive into a specific risk area this time focussed on the feedback and complaints process within the HCPC. The current process is straightforward with minimal restrictions on the complaints considered, however, it is not intelligence led and treats any negative feedback as a complaint. The manual processes and outdated systems do not support a more personalised or proportionate approach to individual complaints. Work is ongoing to address the identified shortcomings in the HCPC's current approach to feedback and complaints, with a new approach due to be launched by the end of 2024. The committee requested to be briefed on progress in this area during 2025.

The Committee agreed with the recommendations in the paper about the introduction of Speak Up Guardians within the HCPC. This item had initially been discussed at the September 2024 ARAC meeting so it was positive to see the concept reaching recommendation stage, having been widely consulted upon both internally and externally.

Two updated financial policy papers, relating to the financial regulations policy and the investment policy, were discussed and, subject to minor amendments being made, were agreed to be presented to Council for approval.

The internal auditors reported on their most recently completed audit reports. These were in the areas of key performance indicators and stakeholder engagement. It was encouraging to note that all of the audit recommendations from both audits had been accepted by management and would be implemented to further improve the internal control environment.

The next meeting of the ARAC will be on 12 March 2025.

Lianne Patterson
Chair of the Audit and Risk Assurance Committee

Audit and Risk Assurance Committee

Minutes of the meeting of the Audit and Risk Assurance Committee held in public on:

Date: Wednesday 13 November 2024

Time: 2.15pm

Venue: Videoconference (Microsoft Teams)

Members: Lianne Patterson (Chair)
Helen Gough
Graham Masters
Jordan McKenna*
David Stirling

Apologies: None

Attendees: Aihab Al-Koubaisi, Financial Controller
Francesca Bramley, Governance Manager
Alastair Bridges, Executive Director of Resources
Heather Buckingham, BDO LLP
Roy Dunn, Chief Information Security and Risk Officer
Christine Elliott, Council Chair
Karen Flaherty, Head of Governance
Nicole Jones, Compliance Officer
Otilia Juravle, Front Loaded Investigations Case Manager
Alan Keshtmand, Head of Finance and Commercial
Bernie O'Reilly, Chief Executive and Registrar (Accounting Officer)
Anna Raftery, Head of Assurance and Compliance
Daniel Reay, National Audit Office (NAO)
Andrew Smith, Executive Director of Education, Registration and Regulatory Standards and Deputy Chief Executive
Katarzyna Szklarska, Registration Advisor
Tiffany Wong, Registration Advisor

* Council Apprentice

1. Welcome and introduction

- 1.1. The Chair welcomed those present to the meeting of the Audit and Risk Assurance Committee (the Committee), including the Council Chair and Chief Executive and employees observing the meeting.

2. Apologies for absence

- 2.1. There were no apologies.

3. Approval of agenda

- 3.1. The Committee approved the agenda.

4. Declarations of members' interests in relation to agenda items

- 4.1. There were no interests declared.

5. Minutes of the Audit and Risk Assurance Committee meeting held in public on 18 September 2024

- 5.1. The Committee approved the minutes of the meeting of the Committee held in public on 18 September 2024 as an accurate record of that meeting.

6. Matters arising

- 6.1. The Committee noted the updates provided in response to the actions from its previous meetings.

7. Strategic risk register

- 7.1. The Committee reviewed the latest version of the strategic risk register (SRR). It was clarified that the dates in the summary of strategic risks should refer to 2024 rather than 2020 and that the risk scores had been updated to November 2024, although there had not been any changes to the risk scores since August 2024. The following areas were also highlighted by Committee members as requiring further clarification:

- whether the work on advanced practice guidelines should be separately listed as an area for development under strategic risk 2 rather than included with English language;
- the details of the additional engagement around Council apprenticeship roles in relation to strategic risk 4; and

- updating the progress of the most recent fee increase in strategic risk 5 following the conclusion of the consultation and the Council's decision to proceed with the increase at its meeting in September 2024.

Action: An updated SRR would be provided to Committee members following the meeting.

7.2. All the strategic risks had been reviewed and refreshed by the Executive Leadership Team (ELT) and there had been more significant changes made to the definitions of three of the risks:

- strategic risk 3 had been refreshed to incorporate the use of data in addition to data quality and gaps in data;
- strategic risk 5 had been updated to include organisational values and culture and support for employees; and
- strategic risk 6 had shifted focus to encompass regulation as a valuable process contributing to the quality of care and protection of the public in addition to realising the benefits of regulatory reform.

7.3. The Committee welcomed the refreshed definitions of the strategic risks and the recognition of the different elements involved in some of these risks. The Committee looked forward to seeing these fully reflected in the risk influencers, mitigations and developments in the SRR. BDO LLP noted that the HCPC's values could be brought into internal audit reviews to provide assurance around where the values had been demonstrated and this would be considered by the ELT and the Committee as part of the internal audit planning for 2025-26.

8. Strategic risk deep dive: feedback and complaints

8.1. The Head of Assurance and Compliance provided an overview of how feedback and complaints and the processes to review and respond to these helped to support the HCPC's strategic aims, mitigate the strategic risks for the HCPC and support the delivery of standard four of the Professional Standards Authority's (PSA) standards of good regulation relating to performance and responding to concerns about regulators.

8.2. The current process was straightforward with minimal restrictions on the complaints considered, however, it was not intelligence led and treated any negative feedback as a complaint. The manual processes and outdated systems did not support a more personalised or proportionate approach to individual complaints.

8.3. Work was ongoing to address the identified shortcomings in the HCPC's current approach to feedback and complaints with a new approach due to be launched by the end of 2024. This would be supported by workshops with key departments to define the roles and responsibilities of those involved in

the process and promote greater accountability. There would also be wider communications to employees to provide a better understanding of the processes for feedback and complaints. Longer term, the aim was to include complaints in a single customer relationship management (CRM) platform for the HCPC that would provide an online form for complaints and feedback and automatic logging and reporting and improved monitoring. This would facilitate greater ownership and challenge of responses and analysis of the process and outcomes through the Feedback and Complaints Manager role.

Action: The Head of Assurance and Compliance would provide an update on the progress and impact of this work to the Committee during 2025.

- 8.4. The Committee discussed whether a target or an acceptable level of complaints had been identified and how this would link to the threshold for fitness to practise (FTP) concerns and other decision-making processes within the HCPC. The number of complaints varied among the different regulators and over time so it was difficult to establish a benchmark. This supported a focus on making it easy to raise and identify feedback and complaints and improve the analysis and learning from these.

9. Annual feedback and complaints report 2023-24

- 9.1. The Committee noted the annual feedback and complaints report for 2023-24. There had been a decrease in the number of complaints, which reflected the impact of the 'tone of voice' review in FTP and this was in the context of an increase in international applications for registration. The examples of actions and learning points from complaints and feedback were highlighted and improvements to processes as a result of previous feedback and complaints had also helped to reduce the number of complaints. These also provided evidence to the PSA of the HCPC's compliance with standard four of its standards of good regulation as part of the annual review.
- 9.2. The Committee encouraged the recording of positive feedback in the interests of balance, however, there was some duplication of the feedback in the report. The response times for complaints by the FTP team were discussed and it was noted that while there had been greater stability at management level within the FTP team, which had helped to address delays, the HCPC had received more complaints about FTP in 2024, some of which related to staffing levels within FTP.

Action: The Head of Assurance and Compliance would share the latest complaints response times with the Committee.

- 9.3. The Committee also considered options for redress where complainants remained dissatisfied with the HCPC's response following escalation.

10. Financial regulations

- 10.1. The Committee reviewed the financial regulations, noting the summary and the changes that had been made to the financial regulations approved by the Council in December 2020.
- 10.2. The following additional proposed changes to the financial regulations were highlighted to the Committee:
 - to provide greater clarity on debt recovery and write-offs in paragraph 4.21, with increased authority for the Executive Director of Resources and Chief Executive;
 - to reflect the role of the Change and Benefits Forum in the review of investment cases in paragraph 5.7; and
 - to clarify the role of the ELT and the Council and its committees in the review and approval of investment cases in paragraph 5.10.

There would also need to be updates to the financial strategy and expenses policies to reflect the changes to the financial regulations.

- 10.3. The Committee also requested that:
 - Annex 1 was updated to include all the options regarding budgeting for each value category and ensure the terminology was consistent; and
 - the ability to make revisions to budgets, other than through forecasts, was clarified in paragraph 5.6.

Action: An updated version of the financial regulations showing the changes noted and requested would be circulated to Committee members in advance of this being submitted to the Council for approval.

11. Investment policy

- 11.1. The Committee noted the outcome of the review of the investment policy and the update on compliance with the policy. The interest rate with Barclays was corrected as this was 4.7% rather than 4%. No changes were proposed to the investment policy, which was last reviewed by the Council in December 2022 and last updated in 2021.
- 11.2. In response to questions from Committee members:
 - it was explained that the current allocation of deposits between the different accounts was due to managing cash flow requirements as the Lloyds bank account was a current account whereas the Barclays account was a notice account; and

- to enable the Council to monitor investment performance, in addition to the regular review of the policy, investment income and returns were reported to the Council at each meeting as part of the finance report and the report was being developed to include improved cash flow forecasting.

12. Whistleblowing policy

- 12.1. The Head of Governance summarised the proposed changes to the whistleblowing policy to continue its evolution to become more employee-focused and support and encourage speaking up in the widest sense. The policy reflected the criteria set out in the policy review framework published by the National Guardian for Freedom to Speak Up.
- 12.2. Expressions of interest for the Speak Up Guardian had been requested from individuals at head of function level to ensure that the Speak Up Guardian would have the confidence and experience to challenge executive management should this be required in the role.
- 12.3. The Committee agreed to recommend the approval of the whistleblowing policy to the Council subject to a change to reflect the support available to employees who may be facing allegations or investigation, particularly as the whistleblowing policy recognised that allegations made may be untrue or malicious.

Action: The Head of Governance would update the whistleblowing policy prior to submission to the Council for approval.

13. Internal audit reports

- 13.1. The internal audit reports relating to the reviews of the following areas were presented:
 - key performance indicators (KPIs); and
 - stakeholder engagement.
- 13.2. The review of KPIs was very positive and had resulted in a substantial level of assurance for the design of the system of internal control and moderate assurance for the effectiveness of these controls. Three low significance findings had been identified related to:
 - briefings for KPI owners when taking on responsibility for KPIs and following the introduction of new KPIs;
 - regular review of the assumptions on which KPIs were based, which should be documented; and

- documenting the lessons learned from each KPI review cycle, including those that were positive and where areas of improvement had been identified.
- 13.3. The Committee welcomed the overall positive tone of the report.
- 13.4. The review of stakeholder engagement had resulted in a moderate level of assurance for both the design of the system of internal control and the effectiveness of these controls. The teams involved had been very receptive to the three medium significance findings identified in the report. These related to:
- no stakeholder plan or policies, procedures and guidance in place for the management of stakeholders to ensure a consistency of approach for the three main stakeholder groups;
 - the clarity of the contract with Luther Pendragon, the HCPC's external communications and engagement partner, given that it was relatively high value; and
 - providing Luther Pendragon with direct access to stakeholder activity undertaken by the HCPC to ensure best value and reduce the risk of duplication.
- 13.5. The Chief Executive and BDO LLP provided assurance around the commitment to deliver the actions in response to the review of stakeholder engagement, given the timescales and the statements regarding resources in the management response to the recommendations. The management responses recognised that the plans, policies and systems required to implement the recommendations would take time to develop. It was suggested that it might be helpful to provide some interim milestones as part of the tracking of the implementation of the recommendations.

14. Internal audit progress report

- 14.1. The Committee noted the internal audit progress report, updating on the delivery of the internal audit plan for 2024-25. The internal audit report relating to the review of environmental sustainability had been finalised and would be shared with the ELT prior to presentation and review by the Committee at its next meeting.
- 14.2. The Committee supported the deferral of the health and safety review and its replacement with a review of outreach in the internal audit plan for 2024-25 following the recent departure of the Health and Safety Quality and Compliance Manager, who would have been a key contact for this review. Outreach had been one of the areas considered for inclusion in the 2024-25 internal audit plan. The fieldwork was scheduled for December 2024.
- 14.3. The planning process for the 2025-26 internal audit plan and updating of the three year strategy would commence in December 2024. This would involve

meetings with the Assurance and Compliance team followed by consideration and approval by the ELT and the Committee.

- 14.4. The internal audit service would be largely unchanged as a result of the new global internal audit standards. However, there were areas that would need to be brought to the fore for public sector internal audit clients. These were described in the paper and would be reflected in the internal audit charter to be presented to the Committee with the internal audit plan for 2025-26 at the next meeting of the Committee in March 2025.

15. Internal audit recommendations tracker

- 15.1. The Compliance Officer highlighted the changes to the report in response to the feedback from the Committee at the previous meeting.
- 15.2. Committee members were unsure that the responses to the recommendations from the project management internal audit review, which were overdue, fully addressed the recommendations and did not indicate sufficiently clearly where these had been completed. The Executive Director of Resources confirmed that the recommendations had been substantially implemented by clarifying the remit of the Change and Benefits Forum in relation to the ELT and updating the investment case templates to better record the projected benefits with input from BDO LLP on best practice.

Action: The Chair would provide some additional feedback to the Compliance Officer following the meeting to continue to improve the quality of the information provided in the internal audit recommendations tracker.

16. Committee forward plan

- 16.1. The Committee noted the forward plan for 2025.

17. Resolution to move the meeting to private session

- 17.1. The Committee resolved that the remainder of the meeting would be held in private because the matters being discussed related to:
- matters which, in the opinion of the Chair, were confidential or the public disclosure of which would prejudice the effective discharge of the Committee's or Council's functions;
 - the terms of, or expenditure under, a tender or contract for the purchase or supply of goods or services in the case of item 21.

The meeting was briefly adjourned.